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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/820,876	04/09/2004	Daniel Breen	SSB0005	9271

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KILPATRICK STOCKTON LLP  
607 14TH STREET, N.W.  
WASHINGTON, DC 20005

EXAMINER
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SUBRAMANIAN, NARAYANSWAMY

ART UNIT	PAPER NUMBER
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3692

SHORTENED STATUTORY PERIOD OF RESPONSE	MAIL DATE	DELIVERY MODE
3 MONTHS	02/22/2007	PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

<b>Office Action Summary</b>	Application No.	Applicant(s)	
	10/820,876	BREEN ET AL.	
	Examiner	Art Unit	
	Narayanswamy Subramanian	3692	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 13 November 2006.
- 2a) ☒ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-30 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-30 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)          | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |

### **DETAILED ACTION**

1. This office action is in response to applicants' communication filed on November 13, 2006. Amendments to claims 1-13, 15-17 and 21-24 and addition of new claims 25-30 have been entered. Rejections made under 35 USC 101 and 35 USC 112, second paragraph in the last office action have been withdrawn in view of the amendments. Claims 1-30 are currently pending and have been examined. The rejections and response to arguments are stated below.

#### **Claim Rejections - 35 USC § 112**

2. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter, which the applicant regards as his invention.

3. Claims 1-30 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claims 1-30 recite the limitation "a second potential financial benefit substantially the same as the first potential financial benefit". It is not clear what the applicants mean by the term "substantially the same" rendering the scope of the claim indeterminate. Appropriate clarification/correction is required.

#### **Claim Rejections - 35 USC § 103**

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

5. Claims 1-30 are rejected under 35 U.S.C. 103(a) as being unpatentable over Seaman (US Pub. No. 2004/0098327 A1) in view of Ritchken Reference.

Claim 1, Seaman teaches the step of issuing a hybrid security comprising a bond portion and an option portion (See Seaman Abstract, Figure 1, Paragraphs 4-12, 21-32). The bond portion is interpreted to include a convertible bond. A potential benefit of a bond is the coupon interest (or the discounted price in the case of a zero coupon bond).

Seaman does not explicitly teach the feature of a call spread with the counterparty, comprising the steps of: buying from the counterparty a first call option that when exercised provides a second potential financial benefit substantially the same as the first potential financial benefit; and selling to the counterparty a second call option with a higher strike price than the first call option that when exercised provides a third potential financial benefit different from the second potential financial benefit. The limitations of “that when exercised provides a second potential financial benefit substantially the same as the first potential financial benefit” and “that when exercised provides a third potential financial benefit different from the second potential financial benefit” are interpreted as intended use of the respective options and hence not given patentable weight.

Ritchken Reference teaches a call spread comprising buying from a counterparty a first call option and selling to the counterparty a second call option with a higher strike price than the first call option (See Ritchken bottom of page 48).

Both Ritchken and Seaman are concerned with providing a hybrid financial instrument to the user. It would have been obvious to one of ordinary skill in the art to include the teachings of Ritchken to the disclosure of Seaman. The combination of disclosures suggests that holders would

have benefited from exercising the option without extinguishing the underlying convertible instrument (See Seaman Paragraph 1).

Claim 12, Seaman teaches the step of issuing a hybrid security comprising a bond portion and an option portion (See Seaman Abstract, Figure 1, Paragraphs 4-12, 21-32). The bond portion is interpreted to include a convertible bond. A potential benefit of a bond is the coupon interest (or the discounted price in the case of a zero coupon bond).

Seaman does not explicitly teach the feature of issuing a first call option from a first counterparty to the issuer that when exercised provides a second potential financial benefit substantially the same as the first potential financial benefit; and issuing a second call option from the issuer to either the first counterparty or a second counterparty that when exercised provides a third potential financial benefit different from the second potential financial benefit. The limitations of “that when exercised provides a second potential financial benefit substantially the same as the first potential financial benefit” and “that when exercised provides a third potential financial benefit different from the second potential financial benefit” are interpreted as intended use of the respective options and hence not given patentable weight.

Ritchken Reference teaches a call spread comprising buying from a counterparty a first call option and selling to the counterparty a second call option with a higher strike price than the first call option (See Ritchken bottom of page 48).

Both Ritchken and Seaman are concerned with providing a hybrid financial instrument to the user. It would have been obvious to one of ordinary skill in the art to include the teachings of Ritchken to the disclosure of Seaman. The combination of disclosures suggests that holders would

have benefited from exercising the option without extinguishing the underlying convertible instrument (See Seaman Paragraph 1).

Claim 28, Seaman teaches a method for performing a financial transaction with a convertible security, a first call option, and a second call option, the financial transaction being between an issuer, a first counterparty, a second counterparty, and an investor, the method comprising the steps of: issuing from the issuer to the investor the convertible security providing a first potential financial benefit, wherein the convertible security is convertible into a first predetermined number of units of an underlying security (See Seaman Abstract, Figure 1, Paragraphs 4-12, 21-32). The bond portion is interpreted to include a convertible bond. A potential benefit of a bond is the coupon interest (or the discounted price in the case of a zero coupon bond).

Seaman does not explicitly teach the feature of buying by an issuer from the first counterparty, with at least a portion of the proceeds from the issuance of the convertible security, the first call option that when exercised provides a second potential financial benefit substantially the same as the first potential financial benefit, wherein the first call option is exercisable to purchase a second predetermined number of units of the underlying security upon the occurrence of a first predetermined event; and selling by an issuer, simultaneous to the buying of the first call option, to the second counterparty the second call option with a higher strike price than the first call option that when exercised provides a third potential financial benefit different from the second potential financial benefit, wherein the second call option exercisable to purchase a third predetermined number of units of the underlying security upon the occurrence of a second predetermined event. The limitations “that when exercised provides a second potential financial benefit substantially the same as the first potential financial benefit, wherein the first call option is

exercisable to purchase a second predetermined number of units of the underlying security upon the occurrence of a first predetermined event” and “that when exercised provides a third potential financial benefit different from the second potential financial benefit, wherein the second call option exercisable to purchase a third predetermined number of units of the underlying security upon the occurrence of a second predetermined event” are interpreted as intended use of the respective options and hence not given patentable weight. These limitations do not affect the steps of buying a call option by an issuer from the first counterparty and selling by an issuer, simultaneous to the buying of the first call option, to the second counterparty the second call option with a higher strike price than the first call option.

Ritchken Reference teaches a call spread comprising buying from a counterparty a first call option and selling to the counterparty a second call option with a higher strike price than the first call option (See Ritchken bottom of page 48).

Both Ritchken and Seaman are concerned with providing a hybrid financial instrument to the user. It would have been obvious to one of ordinary skill in the art to include the teachings of Ritchken to the disclosure of Seaman. The combination of disclosures suggests that holders would have benefited from exercising the option without extinguishing the underlying convertible instrument (See Seaman Paragraph 1).

Claims 2-11, 13-27 and 29-30, the features in these claims are either disclosed in the combined disclosure of Ritchken and Seaman or are old and well known in the art. Combining the features of derivative instruments with traditional instruments like convertible bonds/preferred stocks makes the offering more attractive to the investors compared to

traditional straight offering and it also provides tax advantages to the issuer. Hence it would have been obvious to include these features to the combined disclosures of Seaman and Ritchken.

***Response to Arguments***

6. Applicant's arguments with respect to pending claims have been considered but are moot in view of the new ground(s) of rejection.

**Conclusion**

7. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dr. Narayanswamy Subramanian whose telephone number is (571) 272-6751. The examiner can normally be reached Monday-Thursday from 8:30 AM to 7:00 PM. If attempts to reach the examiner by telephone are unsuccessful, the examiner's



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supervisor, Richard Chilcot can be reached at (571) 272-6777. The fax number for Formal or Official faxes and Draft to the Patent Office is (571) 273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PMR or Public PAIR. Status information for unpublished applications is available through Private PMR only. For more information about the PMR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



Dr. N. Subramanian  
Primary Examiner  
Art Unit 3692

February 20, 2007